

	U.S. ENVIRONMENTAL PROTECTION AGENCY Cooperative Agreement		GRANT NUMBER (FAIN): 98T36001 MODIFICATION NUMBER: 0 PROGRAM CODE: TA	DATE OF AWARD 06/16/2022	
			TYPE OF ACTION New		MAILING DATE 06/22/2022
			PAYMENT METHOD: ASAP		ACH# 90390
RECIPIENT TYPE: Special District			Send Payment Request to: Contact EPA RTPFC at: rtpfc-grants@epa.gov		
RECIPIENT: Sacramento Metropolitan AQMD 777 12th Street, 3rd Floor Sacramento, CA 95814 EIN: 68-0382186			PAYEE: Sacramento Metropolitan AQMD 777 12th Street, 3rd Floor Sacramento, CA 95814		
PROJECT MANAGER Mark Loutzenhiser 777 12th Street 3rd Floor Sacramento, CA 95814-1908 Email: mloutzenhiser@airquality.org Phone: 916-874-4872		EPA PROJECT OFFICER Angela Latigue 75 Hawthorne Street, AIR-1-1 San Francisco, CA 94105 Email: latigue.angela@epa.gov Phone: 415-947-4170		EPA GRANT SPECIALIST Alexandra Perez Grants Branch, MSD-6 75 Hawthorne Street San Francisco, CA 94105 Email: perez.alexandrea@epa.gov Phone: 415-972-3826	
PROJECT TITLE AND DESCRIPTION Targeted Air Shed - Sacramento PM2.5 Nonattainment Area Community Air Shed See attachment 1 for project description					
BUDGET PERIOD 05/01/2022 - 04/30/2027	PROJECT PERIOD 05/01/2022 - 04/30/2027	TOTAL BUDGET PERIOD COST \$13,603,313.00	TOTAL PROJECT PERIOD COST \$13,603,313.00		
NOTICE OF AWARD Based on your Application dated 06/24/2021 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$7,070,148.00. EPA agrees to cost-share 51.97% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$7,070,148.00. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA regulatory and statutory provisions, all terms and conditions of this agreement and any attachments.					
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)		AWARD APPROVAL OFFICE			
ORGANIZATION / ADDRESS U.S. EPA, Region 9, U.S. EPA, Region 9 Grants Branch, MSD-6 75 Hawthorne Street San Francisco, CA 94105		ORGANIZATION / ADDRESS U.S. EPA, Region 9, Air and Radiation Division, AIR-1 R9 - Region 9 75 Hawthorne Street San Francisco, CA 94105			
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY					
Digital signature applied by EPA Award Official Carolyn Truong - Grants Management Officer				DATE 06/16/2022	

Budget Summary Page

Table A - Object Class Category (Non-Construction)	Total Approved Allowable Budget Period Cost
1. Personnel	\$27,648
2. Fringe Benefits	\$11,059
3. Travel	\$0
4. Equipment	\$0
5. Supplies	\$0
6. Contractual	\$0
7. Construction	\$0
8. Other	\$13,564,606
9. Total Direct Charges	\$13,603,313
10. Indirect Costs: 0.00 % Base	\$0
11. Total (Share: Recipient <u>48.03</u> % Federal <u>51.97</u> %)	\$13,603,313
12. Total Approved Assistance Amount	\$7,070,148
13. Program Income	\$0
14. Total EPA Amount Awarded This Action	\$7,070,148
15. Total EPA Amount Awarded To Date	\$7,070,148

Attachment 1 - Project Description

The purpose of this cooperative agreement is to provide assistance to the Sacramento Metropolitan Air Quality Management District (SMAQMD) to coordinate and passthrough funding to the El Dorado Air Quality Management District (EDCAQMD), Placer County Air Pollution Control District (PCAPCD) and the Yolo Solano Air Quality Management District (YSAQMD) in effort to reduce PM 2.5 ambient air emissions in their nonattainment communities.

This agreement provides full federal funding in the amount of \$7,070,148. Preaward costs have been approved back to May 1, 2022. Activities to be performed are replacing older school buses with new school buses; replacing agricultural equipment with cleaner equipment; paving unpaved roadways; chipping residential biomass as an alternative to open burning; replacing existing harvesters with new, low-dust equipment; and providing agricultural chipping as an alternative to open burning. All activities will reduce PM 2.5 ambient air emissions in their nonattainment communities.

The anticipated deliverables and outcomes of this award include replaced older school buses with new school buses; replaced agricultural equipment with cleaner equipment; paved roadways; alternatives to open burning; replaced low-dust harvesting equipment; and chipped agricultural biomass. Direct beneficiaries of this project are community residents, visitors, and businesses within the counties of El Dorado, Placer and Yolo Solano air basins who will have decreased exposure to fine particulate matter (PM 2.5) emission pollution.

Activities to be performed are replacing older school buses with new school buses; replacing agricultural equipment with cleaner equipment; paving unpaved roadways; chipping residential biomass as an alternative to open burning; replacing existing harvesters with new, low-dust equipment; and providing agricultural chipping as an alternative to open burning.

Administrative Conditions

Administrative Conditions "A" through "E" below apply. In addition, for General Terms and Conditions please reference the paragraph below.

General Terms and Conditions

The recipient agrees to comply with the current EPA general terms and conditions available at:

<https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2021-or-later>.

These terms and conditions are in addition to the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award.

The EPA repository for the general terms and conditions by year can be found at: <https://www.epa.gov/grants/grant-terms-and-conditions#general>.

A. Federal Financial Reporting (FFR)

For awards with cumulative project and budget periods greater than 12 months, the recipient will submit an annual FFR (SF 425) covering the period from "project/budget period start date" to **September 30** of each calendar year to the EPA Finance Center in Research Triangle Park, NC. The annual FFR will be submitted electronically to rtfpc-grants@epa.gov no later than **December 30** of the same calendar year. Find additional information at <https://www.epa.gov/financial/grants>. (NOTE: The grantee must submit the Final FFR to rtfpc-grants@epa.gov within 120 days after the end of the project period.)

B. Procurement

The recipient will ensure all procurement transactions will be conducted in a manner providing full and open competition consistent with 2 CFR Part 200.319. In accordance 2 CFR Part 200.324 the grantee and subgrantee(s) must perform a cost or price analysis in connection with applicable procurement actions, including contract modifications.

State recipients must follow procurement procedures as outlined in 2 CFR Part 200.317.

C. MBE/WBE Reporting, 40 CFR, Part 33, Subpart E (EPA Form 5700-52A)

The recipient agrees to submit a "MBE/WBE Utilization Under Federal Grants and Cooperative Agreements" report (EPA Form 5700-52A) annually for the duration of the project period. The current EPA Form 5700-52A with instructions can be found at <https://www.epa.gov/grants/epa-form-5700-52a-united-states-environmental-protection-agency-minority-business>

This provision represents an approved exception from the MBE/WBE reporting requirements as described in 40 CFR Section 33.502.

Reporting is required for assistance agreements where funds are budgeted for procuring construction, equipment, services and supplies (including funds budgeted for direct procurement by the recipient or procurement under subawards or loans in the "Other" category) with a cumulative total that exceed the Simplified Acquisition Threshold (SAT) currently, set at \$250,000 (the dollar threshold will be automatically revised whenever the SAT is adjusted; See 2 CFR Section 200.1), including amendments and/or modifications. When reporting is required, all procurement actions are reportable, not just the portion which exceeds the SAT.

Recipients with expended and/or budgeted funds for procurement are required to report annually whether the planned procurements take place during the reporting period or not. If no budgeted procurements take place during the reporting period, the recipient should check the box in section 5B when completing the form.

When completing the annual report, recipients are instructed to check the box titled “annual” in section 1B of the form. For the final report, recipients are instructed to check the box indicated for the “last report” of the project in section 1B of the form. For section 2B, the Region 9 EPA DBA Coordinator is Alexandria Perez, email: GrantsRegion9@epa.gov, phone: 415-972-3826.

The annual reports are due by October 30th of each calendar year and the final report is due within 120 days after the end of the project period, whichever comes first. The recipient will submit the MBE/WBE report(s) and/or questions to GrantsRegion9@epa.gov and the EPA Grants Specialist identified on page 1 of the award document.

D. Indirect Costs

The Cost Principles under 2 CFR Part 200, Subpart E apply to this award. Since there are no indirect costs included in the assistance budget, they are not allowable under this Assistance Agreement.

E. Non-Federal Third-Party Contributions

This award includes non-federal third party contributions. Third party contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantees. As applicable, these records must reflect how the value is placed on third party contributions. The value of third party contributions must be applicable to the period to which the cost sharing or matching requirement apply (2 CFR Part 200.306).

Programmatic Conditions

I. FOUNDATIONAL PROGRAMMATIC TERMS AND CONDITIONS

A. Workplan and Budget Revisions

The recipient is expected to carry out the tasks and activities in the approved workplan. The recipient shall consult the U.S. Environmental Protection Agency (EPA) Project Officer (PO) regarding whether a proposed budget or workplan activity revision constitutes a significant change in the scope or the objective of the project or program. The recipient may not make significant changes to the proposed activities in the EPA-approved workplan or budget without prior written approval from EPA. The recipient shall contact the EPA PO with the proposed changes; however, depending on the type of change, the Agency Award Official or Grant Management Officer may need to make the final determination. If issues arise regarding workplan activities (including technology compatibility issues) that cannot be resolved, EPA may elect to terminate the cooperative agreement following the procedural requirements of 2 CFR Parts 200 and 1500, and if applicable, recover ineligible expenditures from the recipient. Any significant changes to the approved workplan that would result in undermining the integrity of the award competition will not be approved.

B. Substantial Federal Involvement for Cooperative Agreements

EPA will be substantially involved in overseeing this cooperative agreement, which may include, but is not limited to programmatic oversight and monitoring, reviewing project phases, approving substantive terms included in professional

services contracts (EPA will not direct or recommend that the recipient enter into a contract with a particular entity), and EPA collaboration regarding scope of work and mode of operation.

C. Quarterly Performance Reporting and Final Performance Report

C.1. Quarterly Reports – Content

The recipient must submit quarterly performance reports that address the progress made to achieve the workplan commitments. The recipient must include summary information on technical progress and expenditures, and planned activities for next quarter.

In accordance with 2 CFR §200.329, the recipient agrees to submit performance reports that include brief information on each of the following areas:

- a. a comparison of actual accomplishments to the outputs/outcomes established in the assistance agreement workplan for the period;
- b. the reasons why established outputs/outcomes were not met; and
- c. additional pertinent information, including, when appropriate, analysis and explanation of cost overruns or high-unit costs.

A suggested template for the quarterly reports will be provided by the PO. Additionally, the recipient agrees to inform the PO as soon as problems, delays, or adverse conditions which will materially impair the ability to meet the outputs/outcomes specified in the assistance agreement workplan arise.

For replacement projects, each quarterly report must include the total number of scrapped and replaced, replaced-only, and/or repaired devices.

For road and/or alley paving projects, each quarterly report must include:

- a. a detailed list of each road segment that was improved
- b. specific location identifiers, such as cross-streets; and
- c. the start/end point of each road segment.

For each paved road segment, the performance report must include clear photographs of the area both before and after the road is paved, or as outlined in the recipient's approved workplan.

For reducing residential and/or agricultural biomass, each quarterly report must provide an update of these activities. To the extent possible and/or specified in the approved workplan, include quantifiable biomass removed, chipped and/or prevented from being burned.

C.2. Final Report – Content

The recipient must submit the final performance report to the PO within 120-days after the project period end date or termination of the assistance agreement. A suggested template for the final report, similar to the quarterly report template, will be provided by the PO. As applicable, the total number of removed and/or scrapped devices, the total number of repaired devices, and the total number of new funded devices must be included in the final performance report. The final performance report must include the following:

- a. A narrative summary of the project or activity.

- b. Project results (outputs and outcomes) as reflected in the final, approved workplan, which must include but are not limited to the following:
 - i. For demonstration projects, testing processes and results, and/or the performance of the device(s) must be provided.
 - ii. Final estimated air emissions benefit calculations for all the activities undertaken by the recipient. Estimated emissions benefits may include pollutants (e.g., PM2.5 and NOx) that affect the nonattainment status of the area where the project is located. The final estimated emission benefit calculations must be based on the actual number and type of funded devices as included in the workplan. The recipient must include the methodologies and a detailed explanation of how these estimated values were derived, as well as any assumptions or default values used for the purposes of emissions benefit calculations.
- c. Required documentation, as listed in Section II.A.3. below.
- d. A description of how the project or activities contributed towards compliance with the State Implementation Plan and/or National Ambient Air Quality Standards.
- e. A discussion of the problems, successes, and lessons learned – including feedback received from project participants (e.g., program beneficiaries, members of the public, subrecipients, contractors, etc.) – for the project or activity that could help overcome structural, organizational or technical obstacles to implementing a similar project elsewhere.
- f. If any cost-share or leveraged funds were reported, the recipient must identify the source of funds.
- g. If any program income was generated, the recipient must identify the amount of program income, how it was generated, and how the program income was used, as described in the Program Income section below.
- h. To the extent possible, qualitative estimated health benefits achieved, which can be measured by the type of illnesses prevented, avoided health care costs, missed work/school days avoided or reduced mortality from air pollution.

C.3. Quarterly Reports – Due Dates

Quarterly reports are due according to the following schedule, or an alternative schedule with prior approval by the PO:

- October 1 - December 31; Reporting Period: report due January 31;
- January 1 - March 31; Reporting Period: report due April 30;
- April 1 - June 30; Reporting Period: report due July 31; and
- July 1 - September 30; Reporting Period: report due October 31.

This quarterly reporting schedule shall be repeated for the duration of the award agreement.

C.4. Final Report – Due Date

The recipient must submit the final performance report to the PO within 120-days after the project period end date or termination of the assistance agreement.

C.5. Subaward Reporting Requirement for Quarterly and Final Reports

A subaward means an award provided by the recipient to a subrecipient for the subrecipient to carry out part of this Targeted Airshed Grant project. It does not include payments to contractors or payments to program beneficiaries receiving

participant support costs. The recipient must comply with applicable provisions of 2 CFR Part 200, 2 CFR Part 1500, and the EPA Subaward Policy, which may be found at: [epa.gov/grants/epa-subaward-policy](https://www.epa.gov/grants/epa-subaward-policy). The recipient must report on its subaward monitoring activities under 2 CFR §200.332(d). Examples of items that must be reported:

C.5.1. Summaries of results of reviews of financial and programmatic reports.

C.5.2. Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance.

C.5.3. Environmental results the subrecipient achieved.

C.5.4. Summaries of audit findings and related pass-through entity management decisions.

C.5.5. Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR §200.208, 2 CFR §200.332(e), and 2 CFR §200.339 Remedies for Noncompliance.

D. Cybersecurity Grant Conditions for Recipients

D.1. Cybersecurity Grant Condition for Other Recipients, Including Intertribal Consortia

The recipient agrees that when collecting and managing environmental data under this assistance agreement, it will protect the data by following all applicable State or Tribal law cybersecurity requirements.

D.1.1. EPA must ensure that any connections between the recipient's network or information system and EPA networks used by the recipient to transfer data under this agreement, are secure. For purposes of this Section, a connection is defined as a dedicated persistent interface between an Agency Information Technology (IT) system and an external IT system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition.

If the recipient's connections as defined above do not go through the Environmental Information Exchange Network or EPA's Central Data Exchange, the recipient agrees to contact the PO no later than 90-days after the date of this award and work with the designated Regional/Headquarters Information Security Officer to ensure that the connections meet EPA security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the recipient into systems operated and used by EPA's regulatory programs for the submission of reporting and/or compliance data.

D.1.2. The recipient agrees that any subawards it makes under this agreement will require the subrecipient to comply with the requirements in D.1.1. if the subrecipient's network or information system is connected to EPA networks to transfer data to the Agency using systems other than the Environmental Information Exchange Network or EPA's Central Data Exchange. The recipient will be in compliance with this condition: by including this requirement in subaward agreements; and during subrecipient monitoring deemed necessary by the recipient under 2 CFR §200.332(d), by inquiring whether the subrecipient has contacted the PO. Nothing in this condition requires the recipient to contact the PO on behalf of a subrecipient or to be involved in the negotiation of an Interconnection Service Agreement between the subrecipient and EPA.

E. Delays or Favorable Developments

The recipient agrees that it will promptly notify the PO of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the workplan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. The recipient agrees that it will also

notify the PO of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

F. Procurement Procedures

The recipient must follow applicable procurement procedures. EPA will not be a party to these transactions. For State recipients, if EPA funds are used to purchase goods or services, the State recipient agrees to comply with 2 CFR §200.317, *Procurement by states*; 2 CFR §§1500.10, *General procurement standards*; and 40 CFR Part 33, *Disadvantaged Business Enterprises Rule*.

All other non-State recipients must comply with the procurement under grants standards of 2 CFR §§200.318 – 327, 2 CFR §§1500.10, and 40 CFR Part 33 including conducting procurement transactions in a manner providing full and open competition as set forth in the applicable regulations. Approval of a funding proposal does not relieve recipients of their obligations to compete service contracts, and conduct cost and price analyses. In addition, a subaward cannot be used if the transaction falls within the category of a procurement.

G. Competency of Organizations Generating Environmental Measurement Data

In accordance with Agency Policy Directive Number FEM-2012-02, Policy to Assure the Competency of Organizations Generating Environmental Measurement Data under Agency-Funded Assistance Agreements, the recipient agrees, by entering into this agreement, that it has demonstrated competency prior to award, or alternatively, where a pre-award demonstration of competency is not practicable, the recipient agrees to demonstrate competency prior to carrying out any activities under the award involving the generation or use of environmental data. The recipient shall maintain competency for the duration of the project period of this agreement and this will be documented during the annual reporting process. A copy of the Policy is available online at www.epa.gov/sites/production/files/2015-03/documents/competency-policy-aiaa-new.pdf or a copy may also be requested by contacting the PO for this award.

H. Public or Media Events

The recipient agrees to notify the PO listed in this award document of a press release and public or media events publicizing the accomplishment of significant events related to projects resulting from this agreement and provide the opportunity for review of a press release or attendance and participation by federal representatives with at least ten working days' notice.

I. Leveraging

Leveraging

The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution or overmatch, that is described in its proposal dated June 24, 2021 (**See also clause below if the leveraging included a voluntary cost-share contribution or overmatch**). If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the proposed leveraging does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its proposal dated June 24, 2021, EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

Voluntary Cost-Share or Overmatch

This award and the resulting federal funding of \$7,070,148 is based on estimated costs requested in the recipient's

application dated June 24, 2021. Included in these costs is a voluntary cost-share contribution of \$6,533,165 by the recipient in the form of a voluntary cost-share or overmatch (providing more than any minimum required cost-share) that the recipient included in its proposal dated June 24, 2021. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, EPA's participation shall not exceed the total amount of federal funds awarded.

If the recipient fails to provide the voluntary cost-share contribution during the period of award performance, and EPA does not agree to modify the agreement to reduce the cost share, the recipient is in violation of the terms of the agreement. In addition to other remedies available under 2 CFR Part 200, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the voluntary cost-share contribution does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost-share or overmatch the recipient described in its proposal dated June 24, 2021. EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

J. Participant Support Costs/Rebates

Participant support costs include rebates, subsidies, stipends, or other payments to program beneficiaries. Program beneficiaries cannot be a contractor, subrecipient, or employee of recipient. Participant support costs are not subawards as defined by 2 CFR §200.1 and should not be treated as such. Participant support costs must be reasonable, incurred within the project period and otherwise allocable to the EPA assistance agreement.

- Recipient must abide by EPA Participant Support Cost regulation(s) and guidelines including but not limited to *Interim EPA Guidance on Participant Support Costs*: www.epa.gov/sites/production/files/2018-09/documents/interim_guidance_on_participant_support_costs.pdf.
- Recipient must maintain source documentation regarding program support funds to ensure proper accounting of EPA funds.
- Recipient must enter into a written agreement with the program beneficiary that receives participant support costs. Such agreement should not be structured as a subaward agreement, and the administrative grant regulations under 2 CFR Part 200 and 2 CFR Part 1500, as well as EPA's general terms and conditions do not flow down to program beneficiaries receiving participant support costs. Such written agreement is also required if a subrecipient or contractor intends to issue participant support costs to a program beneficiary. The written agreement must:
 - Describe the activities that will be supported by rebates, stipends, subsidies or other payments;
 - Specify the amount of the rebate, subsidy, stipend, or other payment;
 - Identify which party will have title to equipment (if any) purchased with a rebate or subsidy or other payment; and
 - Specify any reporting required by the program beneficiary and the length of time for such reporting.
- Recipient must obtain the prior written approval from EPA's Award Official if it wants to provide participant support costs that were not described in the approved workplan and budget. If the recipient's request would result in undermining the integrity of the competition this grant or cooperative agreement was awarded under, EPA will not approve the request.
- Recipient must obtain prior written approval from EPA's Award Official if recipient wants to modify the amount approved (upwards or downwards) for participant support costs. If the recipient's request would result in undermining

the integrity of the competition this grant or cooperative agreement was awarded under, EPA will not approve the request.

II. ACTIVITY-SPECIFIC AND PROJECT-SPECIFIC PROGRAMMATIC TERMS AND CONDITIONS

These Specific Programmatic Terms and Conditions apply to assistance agreements that fund replacement-only, repair, and scrappage and replacement project(s). Replacement-only and scrappage and replacement projects include any project to replace a higher-polluting vehicle, engine, equipment, device, or appliance with a cleaner, lower-polluting vehicle, engine, equipment, device or appliance (referred throughout this document as a “device”). Scrappage and replacement projects may only include scrapping a higher-polluting device and replacing a cleaner device. Replacement-only projects may only include removing a higher-polluting device from the nonattainment area as listed in the EPA approved workplan and replacing it with a cleaner device. Projects that provide EPA financial assistance to remove and render inoperable a fully operational high-polluting device without installing a less polluting device may be allowed, as long as the recipient can demonstrate the estimated emission reductions as included in the EPA approved workplan. Scrappage and replacement projects may only include scrapping a higher-polluting device and not include replacing a cleaner device. Repair or retrofit projects may only include repairing a higher-polluting device and not scrapping or replacing it with a cleaner device. These devices may operate in, but are not limited to, the following applications: mobile on- and nonroad vehicles, engines or equipment, including lawn and garden equipment; or devices providing heat (i.e., woodstoves, fireplaces, heat pumps, coal or pellet stoves, etc.).

Emission reduction projects and activities must meet or exceed the latest emissions standards for the respective pollutant(s). If no federal or state standard for the proposed activity exists, the grantee should use the most stringent, least polluting option.

A. Mobile Onroad and Nonroad Devices

A.1. Allowable Activities

For those assistance agreements that include scrappage and/or replacement activities for mobile-source onroad and/or nonroad devices, the recipient agrees that funds under this award will be used to repair, replace, or remove inefficient, higher-polluting devices. Consistent with the recipient's EPA-approved workplan, the recipient will repair devices to make them more efficient and less polluting or replace devices with cleaner, lower-polluting devices.

If the recipient issues a subaward or contract and the subrecipient or contractor intend to issue participant support costs to program beneficiaries for EPA-funded cleaner, lower-polluting replacement devices, the recipient must ensure that the subrecipient or contractor ensure the program beneficiaries agree not to give away or sell the EPA-funded device during the life of this project. This requirement should be clearly set forth in the written subaward agreement or contract.

The recipient agrees not to repair, replace or retrofit any device that was previously purchased with Federal funds since January 2015, regardless of the type of device and amount of emissions that may be reduced. Additionally, projects cannot include any costs that are included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program, as required under 2 CFR 200.403(f). Projects can complement but cannot replicate activities funded under another federal assistance agreement(s). For instance, a recipient that has an existing targeted airshed or Diesel Emission Reduction Act assistance agreement to replace school buses may apply to replace additional school buses that are not already covered by one of their existing federally-financed assistance agreements. However, that recipient cannot propose to fund the replacement of the same buses already covered by one of their existing federal assistance agreements.

The recipient shall not make significant changes to the proposed activities in the EPA-approved workplan without prior written approval from EPA. The recipient shall contact the EPA PO with the proposed changes; however, depending on the type of change, the Agency Award Official or Grant Management Officer may need to make the final determination. If activities or technology compatibility issues arise that cannot be resolved, EPA may elect to terminate the cooperative agreement, and if applicable, recover ineligible expenditures from the recipient. Any significant changes to the approved workplan that would result in undermining the integrity of the award competition will not be approved.

A.2. Fleet Expansion

The recipient agrees that funds cannot be used for the purchase of devices to expand a fleet. The inefficient, higher-polluting device must be fully operational and in service at the time of replacement. The recipient agrees that the cleaner, lower-polluting replacement device:

- a. will continue to perform a similar function and operation as the device that is being permanently rendered inoperable ;
- b. will achieve the estimated emission reductions included in the EPA-approved workplan; and
- c. is consistent in its intended use, operation and location as described in the EPA-approved workplan.

A.3. Removing from the Nonattainment Area and Required Documentation

To ensure the estimated air emissions reductions included in the workplan are achieved and permanent, the recipient agrees that every higher-polluting device will be permanently destroyed and rendered inoperable; or permanently removed from the recipient's respective air pollution nonattainment area(s). Higher-polluting devices include any device removed from service under this assistance agreement that will be replaced with a cleaner device.

Under this permanent destruction process, the recipient shall take every replaced device to an approved licensed dismantler/recycler or follow the process described in the EPA-approved workplan. Cutting a three-inch by three-inch hole in the engine block, the part of the engine containing the cylinders, is the preferred scrapping method. The recipient must deliver the higher-polluting device to the licensed dismantler/recycler within 90 days of removing the higher-polluting device from service, or as consistent with the EPA-approved workplan. Other acceptable scrappage methods, methods of removing the device from the nonattainment area(s) and required documentation may be considered but will require prior written approval from the EPA PO. The recipient shall contact the EPA PO with the proposed changes; however, depending on the type of change, the Agency Award Official or Grant Management Officer may need to make the final determination.

The recipient must provide documentation on removing each higher-polluting device from the nonattainment area(s). The recipient is responsible for retaining documentation for:

- a. each higher-polluting device, which is fully operational and in service at the time of the replacement before it is removed from the nonattainment area(s); and
- b. each cleaner, lower-polluting replacement device, as listed in the recipient's workplan.

For each higher-polluting device removed from service, the recipient must take clear digital photographs of the following:

- a. the engine tag showing the serial number, engine family number, and engine model year; and
- b. the destroyed engine block.

For projects that are removing the higher polluting device from service, the recipient must also provide documentation that each higher pollution device was rendered inoperable within 90 days of receipt of the new device through a certificate of destruction form signed by the scrap yard or dismantler. For projects that are only removing the higher polluting device from the nonattainment area, the recipient must also provide documentation that each higher polluting device was removed from the nonattainment area(s) within 90 days of receipt of the new device. This documentation may include a written agreement between the recipient and owner and/or operator of the higher polluting device that this device will never operate inside the recipients' respective air pollution nonattainment area as indicated in the workplan and carried out for the life of the project.

A device description tracking sheet which includes details on every replaced higher-polluting and deployed cleaner device is required for all replacement and/or retrofit projects. The EPA PO will provide a template tracking sheet.

In accordance with 2 CFR §200.334, the recipient must retain all records, supporting documents, statistical records, and all other records pertinent to the grant award for at least three years from the date of submission of the final expenditure report; however, if any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings have been resolved and final action has been taken. In accordance with 2 CFR §200.337, EPA, the Inspector General, the Comptroller General, and the pass-through entity, or any of their authorized representatives, have the right of access to any documents, papers, or records of the recipient which are pertinent to the grant award. The rights of access are not limited to the required retention period, but last as long as the records are retained.

If the higher polluting device or its components are to be sold, the recipient must comply with the Program Income requirements above.

A.4. Location

The recipient agrees that the funded project will be located in the recipient's respective air pollution nonattainment area(s) as indicated in the recipient's workplan. The recipient agrees that the project or activity will be carried out in the nonattainment area(s) described in the recipient's workplan for the life of the project. The funded cleaner, lower-polluting device(s) may not be sold nor operate a majority of the time outside of the nonattainment area(s) for the entire life of the project.

B. Biomass Chipping Projects

The recipient agrees that the chipped residential and/or agricultural biomass material will not be burned within the nonattainment area(s) for the life of the project.

C. Road Paving

C.1. Required Documentation

In accordance with 2 CFR §200.334, the recipient must retain all records, supporting documents, statistical records, and all other records pertinent to the grant award for at least three years from the date of submission of the final expenditure report; however, if any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings have been resolved and final action has been taken. In accordance with 2 CFR §200.337, EPA, the Inspector General, the Comptroller General, and the pass-through entity, or any of their authorized representatives, have the right of access to any documents, papers or records of the recipient which are pertinent to the grant award. The rights of access are not limited to the required retention period, but last as long as the records are retained.

If the recipient issues a subaward or contract and the subrecipient or contractor intend to issue participant support costs to program beneficiaries for EPA-funded road paving activities, the recipient must ensure that the subrecipient or contractor ensure the program beneficiaries agree not to give away or sell any EPA-funded devices during the life of this project. This requirement should be clearly set forth in the written subaward agreement or contract.

If any purchased equipment or its components are to be sold, the recipient must comply with the program income requirements (see the Program Income section above).

C.2. Location

The recipient agrees that the funded project will be located in the recipient's respective air pollution non-attainment area(s) as indicated in the recipient's workplan. The recipient agrees that the project or activity will be carried out in the non-attainment area(s) and other locations as described in the recipient's workplan for the life of the project.

END OF DOCUMENT